



DEPARTMENT OF ENERGY

Southeastern Power Administration

Revision to Power Marketing Policy Georgia-Alabama-South Carolina System of Projects

AGENCY: Southeastern Power Administration, DOE.

ACTION: Notice of revision to power marketing policy.

SUMMARY: Southeastern Power Administration (Southeastern or SEPA) announces revision to the power marketing policy for the Georgia-Alabama-South Carolina System of Projects to include a procedure for distribution of renewable energy certificates (RECs). The Georgia-Alabama-South Carolina System power marketing policy was published on December 28, 1994, and is reflected in contracts for the sale of system power, which are maintained in Southeastern's headquarters office. Pursuant to the Procedure for Public Participation in the Formulation of Marketing Policy, published in the *Federal Register* on July 6, 1978, Southeastern published on January 14, 2022, a notice of intent to revise the power marketing policy to include provisions regarding RECs from the Georgia-Alabama-South Carolina System. The proposed revision to the Georgia-Alabama-South Carolina System Power Marketing Policy was published in the *Federal Register* on August 16, 2022. A virtual web based public information and comment forum was held on October 19, 2022, with written comments due on or before November 3, 2022.

DATES: The power marketing policy revision will become applicable upon publication of this notice in the *Federal Register*.

FOR FURTHER INFORMATION CONTACT: Mr. Douglas Spencer, Engineer, Southeastern Power Administration, 1166 Athens Tech Road, Elberton, GA 30635, (706) 213-3855, Email: douglas.spencer@sepa.doe.gov.

SUPPLEMENTARY INFORMATION:

Background

Southeastern published a “Notice of Issuance of Final Power Marketing Policy Georgia-Alabama-South Carolina System of Projects” in the *Federal Register* on December 28, 1994, 59 FR 66957. The policy establishes the marketing area for system power and addresses the utilization of area utility systems for essential purposes. The policy also addresses wholesale rates, resale rates, and conservation measures, but does not address RECs.

Under Section 5 of the Flood Control Act of 1944 (16 U.S.C. 825s), Southeastern is responsible for the transmission and disposition of electric power and energy from reservoir projects operated by the U.S. Army Corps of Engineers. Furthermore, Southeastern must transmit and dispose of power and energy in such a manner as to encourage the most widespread use at the lowest possible rates to consumers consistent with sound business principles. Rate schedules are developed with regard to the recovery of the cost of producing and transmitting such electric energy.

The Georgia-Alabama-South Carolina System consist of ten projects: Allatoona, Buford, Carters, Hartwell, J.S. Thurmond, Millers Ferry, R.B. Russell, R.F. Henry, West Point, and W.F. George projects. The power generated at these projects is purchased by and benefits 192 preference customers in Alabama, Florida, Georgia, Mississippi, South Carolina, and North Carolina. The power from the projects is currently marketed to Preference Customers located in the service areas of Southern Company, PowerSouth Energy Cooperative, Duke Energy Carolinas, South Carolina Public Service Authority, and Dominion Energy South Carolina formerly doing business as South Carolina Electric & Gas. The System provides 2,184,257 kilowatts of capacity and about 3,383,000 MWh of average annual energy from stream-flow based on modeling for the period of record.

Southeastern has been using the Generation Attribute Tracking System (GATS) provided through the PJM Interconnection, LLC, for the Kerr-Philpott System of Projects. The attributes are unbundled from the megawatt-hour of energy produced and recorded onto a certificate. These

certificates may be used by electricity suppliers and other energy market participants to comply with relevant state policies and regulatory programs and to support voluntary “green” electricity markets. Southeastern will use the similar M-RETS product for distributing certificates to current Preference Customers with allocations of power from the Georgia-Alabama-South Carolina System.

This RECs tracking system Southeastern is capable of tracking environmental attributes used for voluntary claims in all state, provinces, and territories in North America. Under the following revision of the 1994 power marketing policy, Southeastern will distribute the M-RETS created certificates to current Preference Customers with allocations of power from the Georgia-Alabama-South Carolina System.

Public Notice and Comment

Southeastern published a proposed revision in the *Federal Register*, 87 FR 50333, dated August 16, 2022. Southeastern held a web-based information and comment forum on October 19, 2022. Southeastern received comments from Southeastern Federal Power Customers, Inc. (SeFPC).

Public Comment

Written and oral comments are summarized below. Southeastern’s responses follow each comment.

Comment 1: SeFPC has requested clarification whether any further transfer sale, use, or trade transaction would be the sole responsibility of the preference customer and whether the customer is allowed to retire and monetize its RECs in a manner in which that customer sees fit.

Response 1: Southeastern agrees with the understanding that after distribution into the customer M-RETS account the customer has the sole responsibility for further disposition of its RECs.

Comment 2: SeFPC has requested clarification on the life-cycle and disposition of RECs remaining after the failure of a customer to provide a valid M-RETS account to receive a distribution.

Response 2: Southeastern intends to utilize the M-RETS system to create, track and distribute RECs. RECs not yet distributed (either because a customer M-RETS account was not provided or by accumulation prior to the marketing policy being in effect) will adhere to the M-RETS terms of service, procedures, policies for transfers regarding their life-cycle and the potential for forfeiture.

Comment 3: SeFPC has requested to limit the revisions to the GA-AL-SC System Power Marketing Policy solely to issues regarding RECs.

Response 3: Southeastern agrees that this revision to the GA-AL-SC System Power Marketing Policy only addresses RECs.

Summary of Changes to the Power Marketing Policy Revision

Southeastern made further changes to the Power Marketing Policy Revision as a result of comments received during the comment period and public forum. Southeastern added language indicating that any further transfer, sale, use, or transaction would be the sole responsibility of a Preference Customer.

Revision to the Power Marketing Policy

Southeastern revises the Power Marketing Policy for the System to include the following additional provisions for RECs associated with hydroelectric generation:

Renewable Energy Certificates: The M-RETS Tracking System creates and tracks certificates reporting generation attributes, by generating unit, for each megawatt-hour (MWh) of energy produced by registered generators. The System projects are registered generators within M-RETS. The RECs potentially satisfy Renewable Portfolio Standards, state policies, and other

regulatory or voluntary clean energy standards in a number of states. Southeastern has subscribed to M-RETS and has an account in which RECs are collected and tracked for each MWh of energy produced from the System. Within M-RETS, certificates can be transferred to other M-RETS subscribers or to a third-party tracking system.

M-RETS creates a REC for every MWh of renewable energy produced in the region, tracks the life cycle of each REC created, and ensures against any double-counting or double-use of each REC. These RECs may be used by electricity suppliers and other energy market participants to comply with relevant state policies and regulatory programs and to support voluntary “green” electricity markets.

Southeastern will distribute M-RETS-created RECs to Preference Customers with allocations of power from the System.

REC Distribution: M-RETS (or a successor application) will be the transfer mechanism for all RECs related to the System. Southeastern shall maintain an account with M-RETS and collect RECs from the generation at the System projects. Southeastern will verify the total amount of RECs each month. Preference Customers with an allocation of power from the System are eligible to receive RECs by transfer from Southeastern’s M-RETS account to their M-RETS account or that of their agent. Transfers to each customer will be based on the customer’s monthly invoices during the same three-month period (quarter). Where applicable, RECs will be project-specific based on the customer’s contractual arrangements. Any further transfer, sale, use, or trade transaction would be the sole responsibility of a Preference Customer.

All RECs distributed by Southeastern shall be transferred within forty-five days of the end of a quarter. Each customer must submit to Southeastern, by the tenth business day after the quarter, any notice of change to M-RETS account or agent. Any REC transfers that were not claimed or if a transfer account was not provided to Southeastern will be forfeited if they become nontransferable as described in the M-RETS terms of service, procedures, policies, or definitions

of reporting and trading periods, or any subsequent rules and procedures for transfers as established.

The initial transfer process in M-RETS will be accomplished by the sixtieth day after the end of the first completed quarter subsequent to publication of the final policy revision. Any balance of RECs that exist in Southeastern's M-RETS account, other than the first quarter after policy revision publication, may also be transferred to Preference Customers according to the customer's invoiced energy at the time of the REC creation.

Rates: No rates shall be established by Southeastern for RECs transferred to Preference Customers. Any cost to Southeastern, such as the M-RETS subscription, will be incorporated into marketing costs and included in recovery through the energy and capacity rates of the System.

Determination Under Executive Order 12866

Southeastern has exemption from centralized regulatory review under Executive Order 12866; accordingly, no clearance of this notice by the Office of Management and Budget is required.

Environmental Compliance

SEPA has determined this action fits within the following categorical exclusions listed in appendix B to subpart D of 10 CFR part 1021: B4.1 (Contracts, policies, and marketing and allocation plans for electric power). Categorically excluded projects and activities do not require preparation of either an environmental impact statement or an environmental assessment.

Signing Authority

This document of the Department of Energy was signed on December 6, 2022, by Virgil G. Hobbs III, Administrator, Southeastern Power Administration, pursuant to the delegated authority from the Secretary of Energy. That document, with the original signature and date, is

maintained by DOE. For administrative purposes only, and in compliance with requirements of the Office of the Federal Register, the undersigned DOE Federal Register Liaison Officer has been authorized to sign and submit the document in electronic format for publication, as an official document of the Department of Energy. This administrative process in no way alters the legal effect of this document upon publication in the *Federal Register*.

Signed in Washington, DC, on December 13, 2022

Treena V. Garrett,
Federal Register Liaison Officer,
U.S. Department of Energy.

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